



Economic Impact Analysis Virginia Department of Planning and Budget

12 VAC 30-100 – State Programs – State/Local Hospitalization
Department of Medical Assistance Services
June 16, 2008

Summary of the Proposed Amendments to Regulation

The proposed changes will make limited benefit Medicaid recipients eligible for State and Local Hospitalization services.

Result of Analysis

The benefits likely exceed the costs for all proposed changes.

Estimated Economic Impact

The proposed changes will make limited benefit Medicaid recipients eligible for State and Local Hospitalization (SLH) services. Under the current regulatory language, limited benefit Medicaid recipients such as family planning services recipients or qualified Medicare beneficiaries are not eligible for services under SLH program.

According to Department of Medical Assistance Services (DMAS), ineligibility of limited benefit Medicaid recipients for SLH program has surfaced as an unintended consequence following certain changes to federal Medicaid rules. DMAS explains that SLH program regulations were revised in 1989 and excluded all Medicaid eligible recipients from SLH coverage. At that time all Medicaid recipients were fully covered. However, the changes occurred in 1993 have created limited coverage Medicaid recipients such as family planning services recipients or qualified Medicare beneficiaries. Because the distinction between limited and full coverage Medicaid beneficiaries was unforeseen in the SLH program regulations, limited coverage Medicaid beneficiaries have been denied coverage from the SLH benefits since 1993.

The proposed regulations will make limited coverage Medicaid recipients eligible for SLH services. One of the benefits of the proposed changes is allowing limited coverage Medicaid recipients to apply for and receive SLH benefits. A significant cost on the other hand is the reduced likelihood of current eligible population in receiving SLH services as the SLH services are 100 percent funded by limited general funds and eligibility is based on the chronological application date. Once the available funds are exhausted, no SLH services are rendered.

The main goal of the proposed changes is to address an unintended consequence of federal Medicaid changes on Virginia's SLH program and restore the intent of the original regulations.

Businesses and Entities Affected

In 2007, there were approximately 11,100 individuals who applied for SLH services and there were 4,400 additional individuals who would have been eligible to apply for SLH services under the revised eligibility criteria.

Localities Particularly Affected

The proposed regulations apply throughout the Commonwealth.

Projected Impact on Employment

No significant impact on employment is expected.

Effects on the Use and Value of Private Property

No significant impact on the use and value of private property is expected.

Small Businesses: Costs and Other Effects

No significant costs and other effects on small businesses are expected.

Small Businesses: Alternative Method that Minimizes Adverse Impact

No adverse impact on small businesses is expected.

Real Estate Development Costs

No adverse impact on real estate development costs is expected.

Legal Mandate

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.H of the Administrative Process Act and Executive Order Number 36 (06). Section 2.2-4007.H requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.H requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.